

# Building on the Past, Facing the Future: Renewing the Creative Economy of New Mexico

Presentation to NM Revenue Stabilization and Tax Policy Committee

Presented by Jeffrey Mitchell, PhD

July 22, 2015

Research funded by

New Mexico Department of Cultural Affairs



UNM Bureau *of* Business & Economic Research

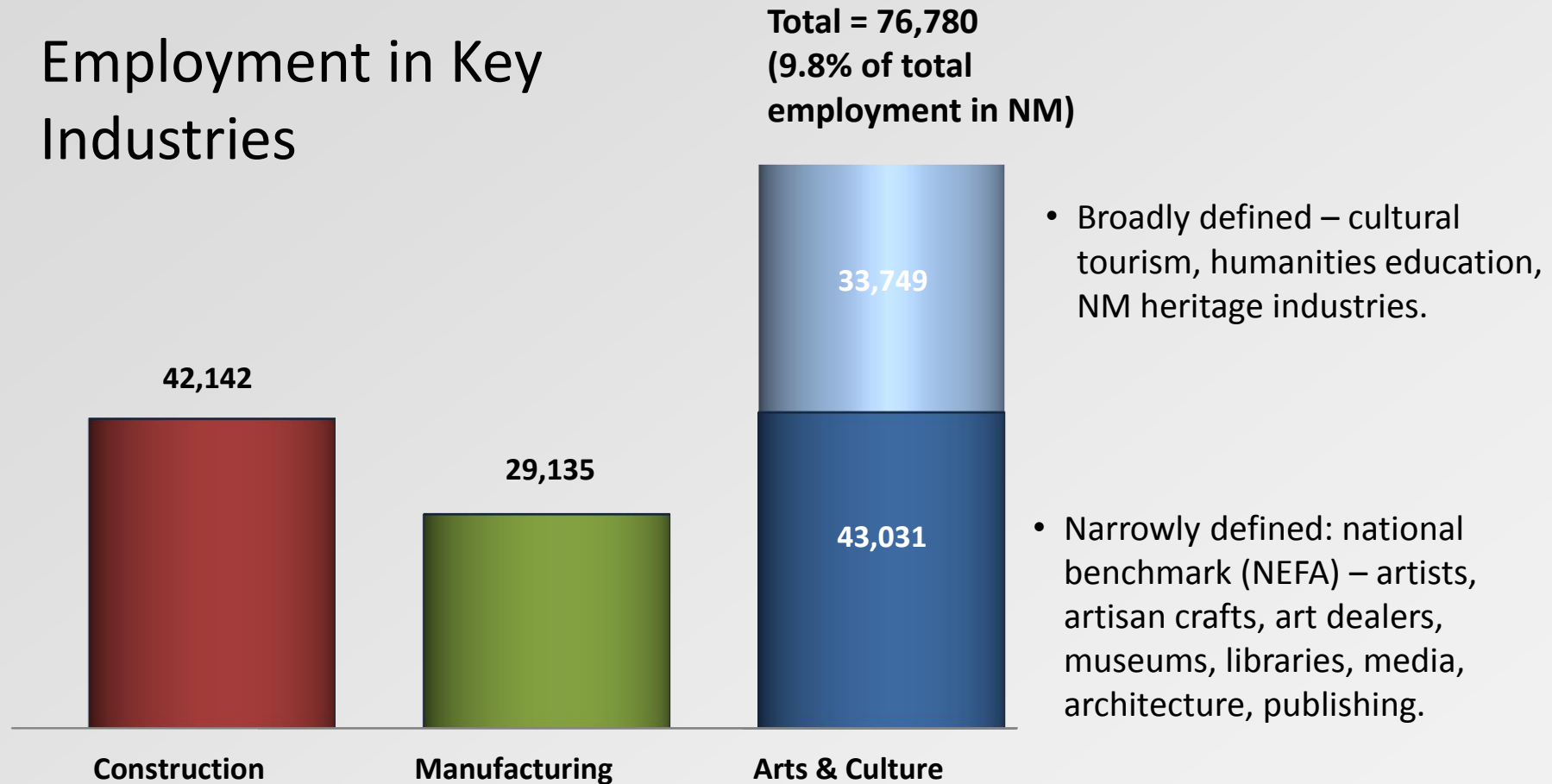
# Role of Arts & Culture in Economic Development

- Art & culture are essential to maintaining a sense of community and identity in a globalized world.
- Art & culture is big business globally, in the US, and in New Mexico.
- No longer a luxury that follows prosperity, arts & culture have become an essential precondition of prosperity and economic development –
  - ❖ Creating an innovative & entrepreneurial environment.
  - ❖ Recruiting and developing a skilled workforce.



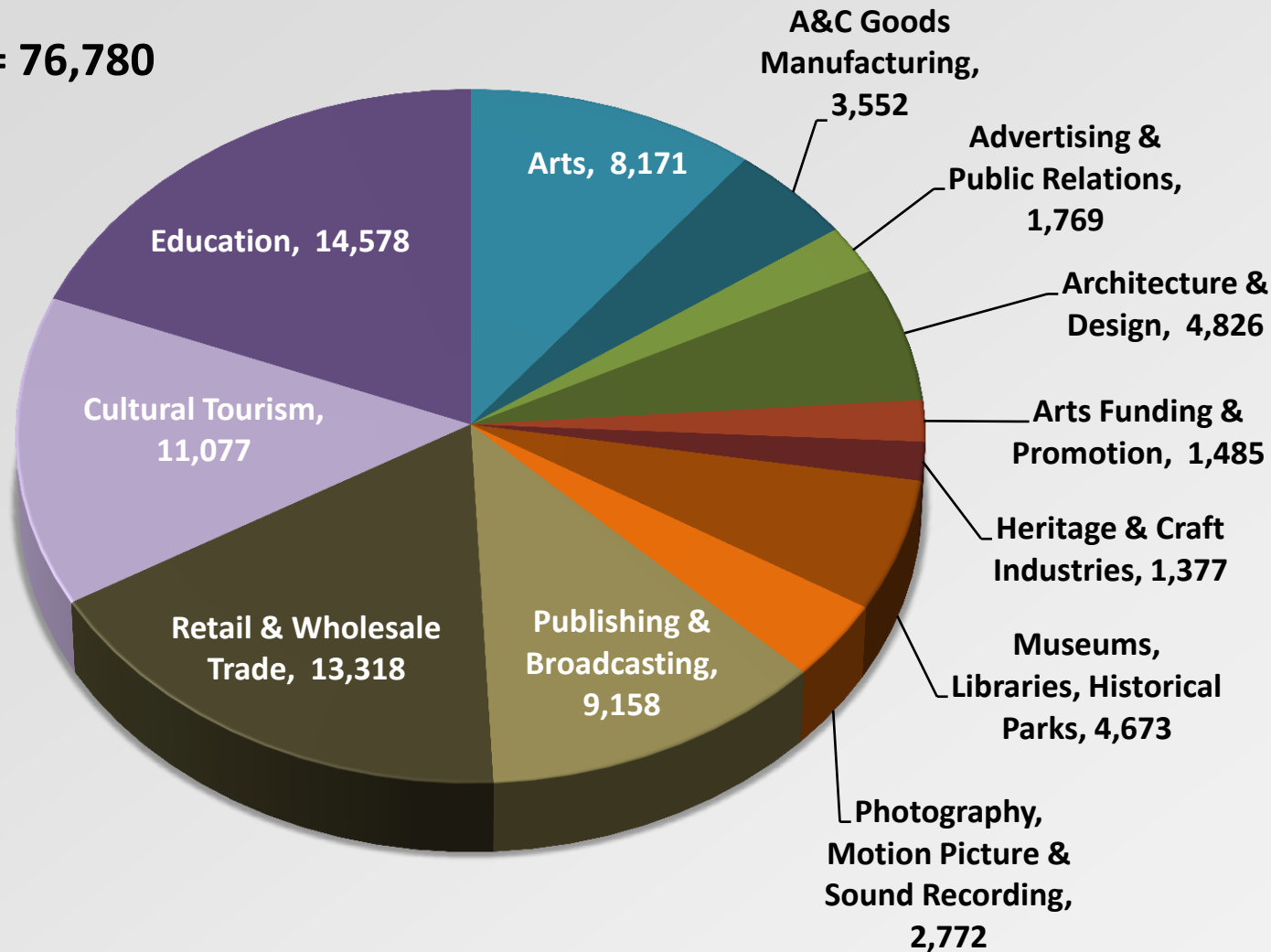
# Arts & Culture is Big Business in New Mexico

## Employment in Key Industries

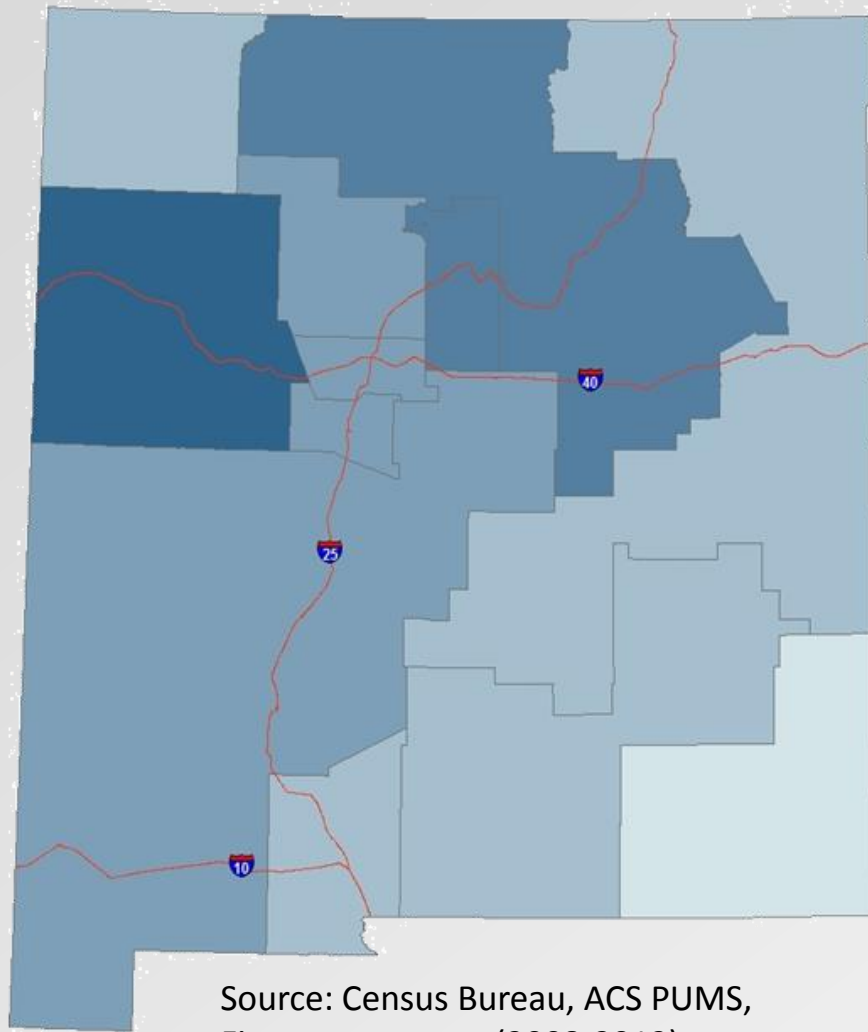


# Arts & Culture Employment by Industry

**Total = 76,780**



# Arts & Culture – Where Jobs are Scarce.



Source: Census Bureau, ACS PUMS,  
Five-year average (2008-2012).

## Share of workforce in Arts & Cultural occupations

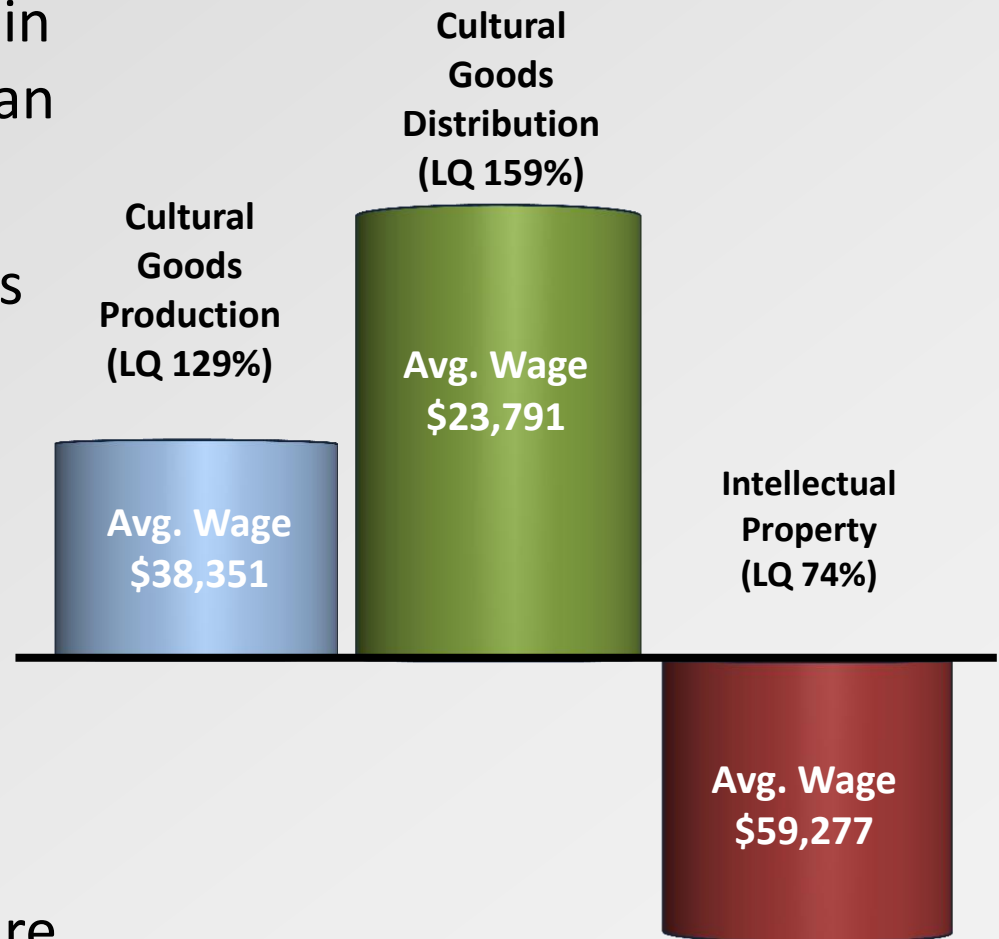
### Zuni case study

- 50 of 125 (40%) adults identified arts & artisan crafts as their primary source of income.
- 90 of 125 (72%) report arts & artisan crafts as a source of income.



# NM is Not Capitalizing on its Cultural Assets

- In total, employment in A&C in New Mexico is 3% greater than national share.
- NM is strong in cultural goods production & distribution – where wages are lowest and growth is slowest.
- But weak in applied Intellectual Property fields (e.g. publishing, media, architecture, design, advertising) – where wages are highest and growth is fastest.



# Fiscal Impacts – Local Governments

## REVENUES (Thousands)

Gross Receipts Taxes	\$18,245
Lodger's Taxes	\$9,920
Property Taxes	\$2,401
1% for the Arts	\$2,770
Fees	
Museums & BioPark	\$3,444
Private Grants to Public Institutions	\$863
Film Production Tax Impact	\$24,500
<b>TOTAL</b>	<b>\$62,142</b>

## EXPENDITURES (Thousands)

County	
Government Spending	(\$4,380)
Capital Improvement Projects	(\$3,360)
Municipal	
Government Spending*	(\$91,555)
Capital Improvement Projects	(\$17,059)
1% for the Arts	(\$2,202)
<b>TOTAL</b>	<b>(\$118,556)</b>

\* Includes libraries.



# Fiscal Impacts – State Government

## REVENUES (Thousands)

Gross Receipts Taxes	\$47,893
Income Taxes	\$37,486
1% for the Arts	\$1,642
Fees	
Museums & Libraries	\$1,899
State Parks	\$193
Federal Transfers (to DCA)	\$3,378
Private Grants to Public Institutions	\$986
Film Production Tax Impact	\$34,345
<b>TOTAL</b>	<b>\$127,822</b>

## EXPENDITURES (Thousands)

Department of Cultural Affairs	
Office of the Secretary	(\$3,336)
Museums	(\$19,801)
Historical Preservation	(\$1,878)
NM Arts	(\$2,316)
State Library	(\$4,828)
Monuments	(\$2,266)
Archeology	(\$2,333)
Accural	(\$901)
1% for the Arts	(\$1,474)
State Income Tax Credit, Historic Pres	(\$227)
Parks Division	(\$2,115)
Film Production Tax Credits	(\$65,389)
<b>TOTAL</b>	<b>(\$106,863)</b>





# **Positioning New Mexico's Creative Economy for the 21<sup>st</sup> Century**



# Global Changes in Cultural Industries

**Recession is more than a temporary downturn – it is a moment in a larger process of change.**

- Globalization / Localism – a need continuity and stability in an expanding world & marketplace.
- Technology changes how culture is produced and consumed, and how people define community.
- Organizations must be flexible, diverse and able to collaborate .
- Audience engagement – social media, community outreach, experiential programming.



# Recommendations

- Establish a public-private partnerships to facilitate networking and provide business development support services and
- Emphasize community-scale cultural capacity building; e.g. MainStreet, A&C Districts.
- Emphasize engagement in both educational and cultural programming.
- Incorporate creative industries in economic policy – e.g. cluster-based development, LEDA to support local businesses, national marketing campaigns.



# Conclusions

- Arts & cultural industries is the foundation of the creative economy, and the creative economy is the driver of the 21<sup>st</sup> century economy.
- New Mexico has remarkable cultural assets, but has failed to leverage these assets to grow the creative economy.
- What are needed are catalysts, strategically targeted support, better coordination and communication, engagement to bridge the local-global divide.
- Compared to programs to attract industry, supporting creative industries is low cost, reaches local communities, builds capacity that is versatile & sustainable, creates jobs that stick around, and can utilize programs already exist.



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